SING TAO 新聞集團

SING TAO NEWS CORPORATION LIMITED
星島新聞集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code : 1105)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

The Board of Directors (the "Board") of Sing Tao News Corporation Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005 (the "Year") together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2005

	Notes	**2005** *HK$'000*	2004 *HK$'000* (Restated)
REVENUE	3	**1,824,522**	1,441,070
Cost of sales		**(1,325,425)**	(1,022,442)
Gross profit		**499,097**	418,628
Other income and gains		**60,286**	53,942
Distribution costs		**(231,809)**	(198,418)
Administrative expenses		**(291,032)**	(296,905)
Other expenses		**(18,785)**	(14,612)
Gain on disposal of a property		**185,830**	–
Gain on waiver of a payable	4	**24,112**	–
Revaluation surplus on properties, net		**841**	18,478
Gain on disposal of an unconsolidated subsidiary		**–**	18,400
Finance costs		**(2,953)**	(764)
Share of profits and losses of:			
Jointly-controlled entities		**(10,567)**	11,932
Associates		**(10)**	(3)
Reversal of provision for an amount due from a jointly-controlled entity		**2,318**	6,097
Provisions for amounts due from jointly-controlled entities		**(3,719)**	(16,802)
Gain on disposal of an associate		**282**	–
Gain on disposal of a jointly-controlled entity		**–**	7,947
Amortisation and impairment of goodwill on acquisition of a jointly-controlled entity		**–**	(3,242)

* *For identification purpose only*

PROFIT BEFORE TAX	*5*	**213,891**	4,678
Tax	*6*	**6,882**	(4,527)
PROFIT FOR THE YEAR		**220,773**	151
Attributable to:			
Equity holders of the Company		**220,773**	776
Minority interests		**–**	(625)
		220,773	151
DISTRIBUTION	*7*		
Interim		**9,173**	–
Proposed final		**26,611**	–
		35,784	–
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)	*8*		
Basic		**12.03**	0.04
Diluted		**12.03**	0.04

CONSOLIDATED BALANCE SHEET

31 December 2005

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**249,390**	387,553
Investment properties		**4,020**	3,995
Other intangible assets		**18,240**	19,854
Goodwill:			
Goodwill		**–**	–
Negative goodwill		**–**	(124,592)
Interests in jointly-controlled entities		**268,178**	297,272
Interests in associates		**–**	(1)
Available-for-sale investments/long term investments		**8,355**	41,744
Deferred tax assets		**4,171**	4,285
Deposits paid		**5,368**	18,399
Total non-current assets		**557,722**	648,509
CURRENT ASSETS			
Inventories		**117,665**	57,051
Trade and bills receivables	*9*	**308,238**	243,953
Prepayments, deposits and other receivables		**46,287**	50,626
Financial assets at fair value through profit or loss/ short term investments		**570,837**	117,911

Derivative financial instruments		**584**	–
Tax recoverable		**5,123**	–
Pledged time deposits		**76,561**	41,729
Cash and cash equivalents		**238,099**	437,899
Total current assets		**1,363,394**	949,169

	Notes	**2005** *HK$'000*	2004 *HK$'000* (Restated)
CURRENT LIABILITIES			
Trade and bills payables	*10*	**132,288**	100,775
Other payables and accruals		**218,086**	262,938
Derivative financial instruments		**4,209**	–
Tax payable		**76,755**	68,410
Interest-bearing bank and other borrowings		**10,447**	10,164
Total current liabilities		**441,785**	442,287
NET CURRENT ASSETS		**921,609**	506,882
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,479,331**	1,155,391
NON-CURRENT LIABILITIES			
Finance lease payables		**1,053**	1,290
Provision for long service payments		**5,821**	4,694
Deferred tax liabilities		**18,369**	36,189
Total non-current liabilities		**25,243**	42,173
Net assets		**1,454,088**	1,113,218
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**183,202**	183,454
Reserves		**1,244,275**	929,764
Proposed final dividend		**26,611**	–
		1,454,088	1,113,218
Minority interests		**–**	–
Total equity		**1,454,088**	1,113,218

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following the adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting periods commencing on or after 1 January 2005.

The consolidated financial statements have been prepared in accordance with the new HKFRSs and comply with accounting standards issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, derivative financial instruments and certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The change to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

In 2005, the Group adopted the new HKFRSs, which are relevant to its operations. The 2004 comparatives have been restated as and where required, in accordance with the relevant requirements. The adoption of the new HKFRSs has the following major impacts on the Group's accounting policies and/or presentation of financial statements:

(a) HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to associates and jointly-controlled entities was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates and jointly-controlled entities is presented net of the Group's share of tax attributable to associates and jointly-controlled entities.

(b) ***HKAS 32 and HKAS 39 – Financial Instruments***

(i) *Equity and debt securities*

In prior years, the Group classified its investments in dated debt securities and listed or unlisted equity securities, intended to be held for a continuing strategic or identified long term purpose, as long term investments, which were held for non-trading purposes and were stated at cost less any impairment losses on an individual basis. Upon the adoption of HKAS 39, these securities held by the Group at 1 January 2005 in the amount of HK$41,744,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment, except for those equity and debt securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, in which case the equity and debt securities are stated at cost and amortised cost, respectively, less any impairment losses.

In prior years, the Group classified its investments in equity and debt securities and commodities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these investments held by the Group at 1 January 2005 in the amount of HK$117,911,000 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The adoption of HKAS 39 has not resulted in any change in the measurement of these investments. Comparative amounts have been reclassified for presentation purposes.

(ii) *Derivative financial instruments – Forward currency contracts, equity and commodity contracts and options*

In prior years, gains and losses arising from forward currency contracts, equity and commodity contracts and options were recognised in the income statement on expiry/termination of respective derivative financial instruments. Upon the adoption of HKAS 39, these derivative financial instruments are initially recognised at fair value at the date at which a derivative contract is entered into and are subsequently remeasured at fair value with gains or losses being recognised in the income statement.

In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(c) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

(d) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior years, goodwill and negative goodwill arising on acquisitions prior to 1 January 2001 were eliminated against the consolidated retained profits and credited to the consolidated capital reserve, respectively, in the year of acquisition and were not recognised in the income statement until disposal or impairment of the acquired businesses.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets.

The adoption of HKFRS 3 and HKAS 36 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired).

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding adjustment to the cost of goodwill and to derecognise at 1 January 2005 the carrying amounts of negative goodwill (including that remaining in the consolidated capital reserve) against retained profits. Goodwill previously eliminated against the retained earnings remains eliminated against the retained earnings and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

EFFECT OF ADOPTING NEW HKFRS

(i) The adoption of HKFRS 2 resulted in an increase in capital reserve and a decrease in opening retained profits at 1 January 2004 by HK$1,185,000.

	At 31 December	
	2005	2004
	HK$'000	*HK$'000*
Increase in capital reserve	**8,639**	4,783
Decrease in retained profits	**8,639**	4,783

	For the year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Increase in operation expenses	**4,287**	3,925
Decrease in basic/diluted earnings per share (HK cents)	**0.23**	0.22

(ii) The adoption of HKFRS 3 resulted in:

	At 1 January 2005
	HK$'000
Decrease in capital reserve	125,631
Decrease in negative goodwill recognised on the balance sheet	124,592
Increase in retained profits	250,223

	For the year ended 31 December 2005
	HK$'000
Decrease in other income and gains	**6,028**
Decrease in basic/diluted earnings per share (HK cents)	**0.33**

3. SEGMENT INFORMATION – business segments

	Media		Trading		Corporate and others		Eliminations		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)				(Restated)
Segment revenue:										
Sales to external customers	**1,358,829**	1,187,563	**454,235**	245,002	**11,458**	8,505	**–**	–	**1,824,522**	1,441,070
Intersegment sales	**8,532**	8,419	**–**	–	**79,643**	101,234	**(88,175)**	(109,653)	**–**	–
Other income and gains	**475**	7,069	**5,459**	13,926	**9,105**	10,769	**–**	–	**15,039**	31,764
Intersegment other income	**3,417**	2,454	**–**	–	**2,010**	449	**(5,427)**	(2,903)	**–**	–
Total	**1,371,253**	1,205,505	**459,694**	258,928	**102,216**	120,957	**(93,602)**	(112,556)	**1,839,561**	1,472,834
Segment results	**13,136**	(3,501)	**6,203**	1,410	**(39,713)**	(38,974)			**(20,374)**	(41,065)
Interest and dividend income									**18,614**	17,311
Unallocated gains, net									**20,358**	4,867
Gain on disposal of a property									**185,830**	–
Gain on waiver of a payable									**24,112**	–
Gain on disposal of an unconsolidated subsidiary									**–**	18,400
Finance costs									**(2,953)**	(764)
Share of profits and losses of:										
Jointly-controlled entities	**13,322**	16,659	**–**	–	**(23,889)**	(4,727)			**(10,567)**	11,932
Associates	**–**	–	**–**	–	**(10)**	(3)			**(10)**	(3)
Reversal of provision for an amount due from a jointly-controlled entity	**2,318**	–	**–**	–	**–**	6,097			**2,318**	6,097
Provisions for amounts due from jointly-controlled entities	**–**	(3,420)	**–**	–	**(3,719)**	(13,382)			**(3,719)**	(16,802)
Gain on disposal of an associate/ a jointly– controlled entity	**–**	–	**–**	–	**282**	7,947			**282**	7,947
Amortisation and impairment of goodwill on acquisition of a jointly-controlled entity	**–**	–	**–**	–	**–**	(3,242)			**–**	(3,242)
Profit before tax									**213,891**	4,678
Tax									**6,882**	(4,527)
Profit for the year									**220,773**	151
Segment assets	**696,716**	495,020	**131,161**	93,792	**803,614**	691,251	**–**	–	**1,631,491**	1,280,063
Interests in jointly-controlled entities	**214,909**	211,664	**–**	–	**53,269**	85,608	**–**	–	**268,178**	297,272
Interests in associates	**3**	3	**–**	–	**(3)**	(4)	**–**	–	**–**	(1)
Unallocated assets									**21,447**	20,344
Total assets									**1,921,116**	1,597,678
Segment liabilities	**217,114**	189,094	**88,455**	44,607	**54,835**	134,706	**–**	–	**360,404**	368,407
Unallocated liabilities									**106,624**	116,053
Total liabilities									**467,028**	484,460

4. GAIN ON WAIVER OF A PAYABLE

Global China Information Services Limited ("GCISL"), a wholly-owned subsidiary of the Company, entered into a joint venture contract with Shandong Sanlian Electronics and Information Co., Ltd. ("Sanlian Electronics") and another independent third party in 2000 to acquire a 40% interest in Beelink Information Science & Technology Co., Ltd. (百靈信息科技有限公司) ("Beelink"). Pursuant to the joint venture contract, GCISL had agreed to pay a sum of HK$150 million (equivalent to RMB160 million) to Sanlian Electronics in cash as consideration for Sanlian Electronics injecting certain intellectual property rights into Beelink. GCISL had made partial payment of HK$40 million (equivalent to RMB42.4 million) up to 31 December 2004.

On 28 April 2005, GCISL entered into an agreement with Sanlian Electronics and Sanlian Group Corporation ("Sanlian Group"). Pursuant to this agreement, it was agreed that by payment of HK$29 million (equivalent to RMB30 million) by GCISL to Sanlian Electronics, Sanlian Electronics would waive the remaining HK$81 million (equivalent to RMB87.6 million) owing by GCISL, constituting full settlement of GCISL's payment obligations under the original joint venture contract.

In addition, as consideration for Sanlian Electronics's agreement to settle the outstanding amount owed by GCISL, it was agreed that GCISL would procure a loan to Sanlian Group in the amount of HK$57 million (equivalent to RMB60 million) for a term of one year. The loan is interest-free for the first six months and will be interest-bearing at 3% per annum until repayment on 28 April 2006. The loan is secured by a share charge over Sanlian Group's and Sanlian Electronics' interests of approximately 79.1% in aggregate in the registered capital of Shandong Economic Observer Press Co., Ltd..

The directors consider that the loan granted to Sanlian Group is an integral part of the settlement arrangement with Sanlian Electronics and the recoverability of the loan receivable is uncertain. Accordingly, the net gain on the waiver of the amount payable to Sanlian Electronics of HK$24 million was calculated net of a full provision against the loan granted to Sanlian Group.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2005 ***HK$'000***	2004 *HK$'000* (Restated)
Investment income	**(9,305)**	(11,231)
Dividend income from an unlisted investment	**(1,058)**	(496)
Dividend income from listed investments	**(2,907)**	(903)
Gain on disposal of financial assets at fair value through profit or loss, net	**(15,179)**	(2,332)
Loss on disposal of available-for-sale investments	**1,969**	–
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**(11,454)**	(2,535)
Derivative instruments – transactions not qualifying as hedges	**1,673**	–
Impairment of available-for-sale investments	**2,633**	2,500
Depreciation	**40,602**	40,442
Amortisation of intangible assets	**1,169**	1,162
Amortisation of goodwill	**–**	2,937
Negative goodwill recognised as income during the year	**–**	(6,028)

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the Year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current:		
Charge for the year:		
The People's Republic of China:		
Hong Kong	**5,250**	3,882
Elsewhere	**44**	3
Elsewhere	**12,558**	4,902
Overprovision in prior years	**(5,163)**	(7,574)
Deferred	**(19,571)**	3,314
Total tax charge/(credit) for the year	**(6,882)**	4,527

7. DISTRIBUTION

	2005	2004
	HK$'000	*HK$'000*
Interim – HK0.5 cents (2004: Nil) per ordinary share	**9,173**	–
Proposed:		
Final Dividend – HK0.5 cents (2004: Nil) per ordinary share	**8,870**	–
Special Final Dividend – HK1.0 cent (2004: Nil) per ordinary share	**17,741**	–
	26,611	–

The proposed final dividend and special final dividend for the Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the net profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic earnings per share calculations and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Net profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**220,773**	776

	Number of shares	
	2005	2004
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,834,521,266**	1,834,438,526
Effect of dilution – Weighted average number of ordinary shares:		
Share options	**593,598**	2,480,841
	1,835,114,864	1,836,919,367

9. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of trade and bills receivables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Current to 30 days	**197,808**	170,206
31 to 60 days	**49,967**	38,495
61 to 90 days	**30,292**	21,670
91 to 120 days	**14,775**	7,164
Over 120 days	**30,056**	17,400
	322,898	254,935
Less: Provisions for bad and doubtful debts	**(14,660)**	(10,982)
	308,238	243,953

10. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Current to 30 days	**87,489**	93,943
31 to 60 days	**36,795**	2,596
61 to 90 days	**1,682**	2,566
91 to 120 days	**230**	313
Over 120 days	**6,092**	1,357
	132,288	100,775

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Media and Media-related Operations

During 2005, Hong Kong's economy continued to improve. The unemployment rate declined, market sentiment revived and consumer spending increased, which all led to growth in advertising demand. The Group's Media Operations benefited from the buoyant advertising market and attained spectacular results for the Year, with across-the-board growth in all key business units. Revenue of the Media Operations increased from approximately $1,188 million to approximately $1,359 million, or by 14%, in 2005 as compared with 2004. Although additional operating expenses were incurred during the Year for the launch of the Group's new free newspaper products, and higher cost of sales also arose from escalating newsprint prices, the Media Operations achieved an operating profit of approximately $13.1 million in 2005, compared with an operating loss of approximately $3.5 million in 2004.

Newspapers

The year under review saw solid growth at Sing Tao Daily. This flagship newspaper of the Group enjoyed an outstanding increase in advertising revenue in 2005, mainly driven by advertisements for the property and retail sectors. The newspaper's established leadership in property advertising positioned it well to benefit from the renewed dynamism in the real estate market, and its performance surpassed its competitors by a major extent during the Year. In addition, advertisements for the education and finance sectors also gained market share, reflecting the success of the editorial efforts put into improving both the quality and quantity of these sections of the newspaper over the recent years. Overall, the advertising customer base of Sing Tao Daily achieved a considerable extension in both its breadth and depth, and provided a strong basis for its revenue growth.

During the Year, competition in the local newspaper market intensified with retail price cut, special promotion campaigns and additional content offers by other newspapers. Sing Tao Daily continued to focus its editorial efforts on areas where it had traditional competitive strengths, namely Property, Finance, Education and Political news, to serve the needs of its middle class readers and to differentiate its market positioning. To demonstrate the market's recognition of the newspaper's editorial accomplishments, in the Hong Kong News Awards 2005 organized by The Newspaper Society of Hong Kong, Sing Tao Daily topped its rivals by winning seven awards, especially in the business and finance categories. Another testimony to the success of the newspaper's editorial strategy was its continuing circulation and readership growth, the increased industry competition notwithstanding.

2005 marked a new milestone for the Group as it made its foray into the free newspaper market. Headline Daily was launched in July 2005 and quickly established itself as the number one free newspaper in Hong Kong in terms of circulation volume and distribution coverage. Currently, Headline Daily is available at over 800 selected distribution points throughout Hong Kong Island, Kowloon and the New Territories. Positioned as a general newspaper for the mass market readers, Headline Daily provided an effective advertising platform for a wide range of consumer products and services. Since its launch, the advertising revenue of Headline Daily had achieved impressive growth and its financial performance had been above expectations. Together with Express Post, a free weekend newspaper launched by the Group in September 2005, Headline Daily rendered the Group's newspaper business with access to a new and distinct segment of the market. At the same time, the operations benefited from significant cost synergies with the Group's existing media products.

The Group's English-language business newspaper, The Standard, recorded another respectable year. Following a number of editorial enhancements including the launch of a Property section, a Monday Money feature section, a monthly Leisure Standard supplement as well as a re-launched Weekend Standard, circulation had seen a double-digit increase in 2005 as compared with 2004. During the Year, advertising revenue saw steady growth, despite keen competition on notices advertising which kept page rates under pressure. Although the Hong Kong Stock Exchange has not confirmed its final plans on the abolition of the requirement for listed companies to publish paid announcements in newspapers, The Standard has been making preparations for the policy change, in terms of diversifying its revenue base in order to mitigate the impact. At the same time, the newspaper will leverage on the resources of Sing Tao Daily and other media products of the Group to continue to strengthen its competency in the most cost effective-manner.

During the year under review, good progress was made at the overseas operations of Sing Tao Daily, which achieved satisfactory growth in both advertising and circulation revenue. The Group consolidated its leadership position in all its major markets, despite challenges from higher commodities prices which imposed pressure on operating expenses, and from competition posed by a myriad of new publications targeting the overseas Chinese communities. In San Francisco and Toronto, where new competitors had entered the market, Sing Tao Daily's leading position had remained intact. In Los Angeles, the new printing plant came into full operations in August 2005, and had helped to increase the production efficiency of the newspaper whilst generating additional revenue from its commercial printing activities.

Magazines

The Group's Magazine business delivered substantial improvements in its results in 2005 as compared with 2004. In particular, its flagship magazine East Week reported strong performance on both the advertising and circulation fronts. Advertising revenue recorded a double-digit growth in 2005, which could be attributed to increases in advertising volume as well as in average page rates. During the Year, East Week made efforts on improving its content quality and lifting its brand image, which raised its appeal to both the advertisers and readers. The magazine was successful in developing new categories of advertising, especially high-end and brand advertisements. At the same time, East Week proved to be an increasingly popular infotainment magazine, as evidenced by the latest survey on readership. According to Nielsen Media Index – Hong Kong Report (January – December 2005), East Week's market ranking in terms of readership had risen to the number 3 position, having attained the second largest readership increase among all magazines included in the survey.

Another key product of the Group's Magazine business, PC Market, also contributed notable achievements in 2005. According to the same survey by AC Nielsen, PC Market took the number 1 spot in readership among IT magazines, clearly consolidating its leadership position as the most recognized magazine of its genre in Hong Kong. With the launch of a new booklet, PCM Light, customized for digital home living, PC Market continued to enjoy high popularity among both the IT professionals as well as general readers.

Competition in Hong Kong's magazine market stepped up in 2005, with a proliferation of new titles hitting the market and a series of price cutting by new and incumbent players, especially in the lifestyle magazine category. Within the Group's Magazine business, the impact of the competition was most felt by East TOUCH and JET. In spite of the market pressure, both magazines managed to improve their performance during the Year. Through their insightful coverage of the most up-to-date lifestyle trends, as well as co-operation with a number of internationally renowned brands, the magazines had established themselves as an important marketing platform for branded fashion, watches, cosmetics and other trendy products.

Recruitment Media

During 2005, the Group's Recruitment Media business delivered encouraging results, thanks to the continued improvement of the local economy. Hong Kong's youth unemployment rate declined to a record low since 1998, and demand for recruitment advertising grew steadily. However, the traditional print platform had become increasingly mature with declining profit margins and tough competition. In line with the market trend towards online recruitment advertising, JobMarket offered more flexible advertising packages through www.jobmarket.com.hk and increased its overall online revenue by over 50% during the Year. It consistently delivered innovative ideas and first class customer service to both recruiters and job seekers. In addition, to take advantage of a gap in the online recruitment market for top posts, JobMarket launched a new recruitment website, known as www.A-performers.com, in October 2005, which was tailor-made for middle to senior job positions in Hong Kong and mainland China.

The market's demand for continuing education remained high. By means of an integrated print and online platform, EDUPlus continued to provide an advertising and information medium for further education, and served as a complementary product to JobMarket within the Recruitment Media business.

Other Media-related Businesses

The Group's other Media-related businesses included print media distribution in mainland China, and the amalgamation, packaging and sale of the Group's and third-party content and information in Hong Kong and mainland China. These businesses progressed steadily during the Year, and served to pave the way for the expansion of the Group's media business in mainland China.

Non-media Operations

Trading

The Trading business recorded a remarkable growth in revenue of 85% in 2005 compared with 2004, and operating profit made an impressive jump from HK$1.4 million to HK$6.2 million. Sales of digital cameras grew dramatically, especially during the first half of the Year, but signs of slowing down were beginning to be seen in 2006. In order to maintain its margins, the team made persistent efforts to improve its sales and marketing capabilities, and placed strong emphasis on operational efficiencies.

Broadband Content and Distribution

The Broadband Content and Distribution business, operated through 40%-owned Beelink, suffered from price competition from national market leaders, which resulted in a substantial decline in revenue and margins. To mitigate the impact, the business continued to diversify its revenue base and maintained stringent control on costs.

E-Learning and Corporate Training

The e-learning and corporate training business in the PRC, carried out through 70%-owned China Human Capital Management Company Limited (北京經華智業教育科技有限公司), made solid progress during the Year. As at the 2005 year end, the web-based distant learning university "eUIBE" had over 17,200 students enrolled. In order to broaden the business base, discussions are underway to expand enrollment outside mainland China including Hong Kong, Singapore, Malaysia through co-operation with local educational institutions.

PROSPECTS

In 2005, the Group's core Media Operations had staged a distinct turnaround, thanks to favourable business conditions as well as the strong market position that the Group had built up in recent years. At the same time, the newly-launched media projects had performed better than expected, and the positive momentum has carried on into the current year. Headline Daily continues to deploy additional resources to refine its content and distribution strategy, in order to reinforce its lead among the competition. Although it is normal for new publications to take at least one to two years to make a positive contribution to bottom line results, management believes that the Group's free newspaper products will provide one of the most important impetus for the Group's growth and profitability in the medium and longer term.

Going into 2006, the continuing increase in commodity prices and the impact of rising interest rates have put some uncertainty over the business environment in which the Group operates. The Group will remain committed to growing its media business in a focused manner, whilst placing emphasis on cost control and operational efficiencies. Having sold its office building in Kowloon Bay, the Group will move into new leased premises later this year. Management expects that overall office-related operating expenses will be reduced upon the move into the new premises even after the rental expenses are taken into account, as the office building in Kowloon Bay had required increasingly high maintenance costs due to its age. Overall, the Group is optimistic that its positive trend will continue and that it will generate increasing returns to its shareholders.

EMPLOYEES

As at 31 December 2005, the Group had approximately 2,200 employees.

The Group remunerates its employees based on individual and business performance and competitive salaries and benefits are paid to attract and retain quality staff. Other employee benefits include medical insurance, discretionary bonus, share options and provident fund schemes.

DIVIDENDS

The Board recommends the payment of a final dividend of HK0.5 cents per share and a special final dividend of HK1.0 cent per share for the Year payable on Wednesday, 24 May 2006 to shareholders whose names appear on the register of members of the Company on Wednesday, 17 May 2006. Together with the interim dividend of HK0.5 cents per share paid to shareholders on 25 October 2005, the total annual dividend will be HK2.0 cents per share for the financial year (2004: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 11 May 2006 to Wednesday, 17 May 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and the special final dividend, and be eligible to attend and vote at the forthcoming annual general meeting of the Company, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 10 May 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased a total of 2,520,000 shares at prices ranging from HK$0.315 to HK$0.325 per share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and these shares were subsequently cancelled by the Company during the Year. Apart from this, the Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, the Company's listed securities in 2005.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and complied with the CG Code throughout the review period with deviations from code provisions A.1.7, A.5.4, D.1.2 and E.1.2. In August 2005, the Board has resolved a procedure to enable directors to seek independent professional advice in appropriate circumstances at the Company's expense and adopted the written guidelines for relevant employees in respect of their dealings in the securities of the Company and a schedule of matters reserved for the Board's decision. The Chairman of the Board and the Chairperson of the audit committee of the Company did not attend the general meetings of the Company held in 2005 due to other commitments.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has made specific enquiries to all directors of the Company who have confirmed that they have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules throughout the Year.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the consolidated financial statements for the Year, including the accounting principles and accounting standards adopted by the Company, and discussed matters relating to auditing, internal controls and financial reporting.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Sing Tao News Corporation Limited
HO Tsu Kwok, Charles
Chairman

Hong Kong, 18 April 2006

As at the date of this announcement, the Board comprises: (1) executive directors: Mr. HO Tsu Kwok, Charles (Chairman), Mr. LO Wing Hung (Chief Executive Officer), Mr. JIA Hongping, Mr. JIM Sui Hing, Mr. LAI Ting Yiu, Mr. LAU Chung Man, Louis, Mrs. SY WONG Chor Fong, Mr. YANG Yiu Chong, Ronald Jeffrey; (2) non-executive director: Mr. LEUNG Chun Ying and (3) independent non-executive directors: Mr. Timothy David DATTELS, Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Mr. TUNG Chee Chen.

Please also refer to the published version of this announcement in The Standard.